

Message Text

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DRAFTED BY E:RMPOATS:CEK
APPROVED BY NEA - MR SOBER
NESA/ME - B RICHARDSON (INFO)
S/S-O: P. SHANKLE

----- 128754

O 302300Z MAY 75
FM SECSTATE WASHDC
TO AMEMBASSY TEHRAN IMMEDIATE
USMISSION EC BRUSSELS IMMEDIATE
INFO AMEMBASSY CAIRO IMMEDIATE
AMEMBASSY JIDDA IMMEDIATE

C O N F I D E N T I A L STATE 126635

E.O. 11652: GDS

TAGS: EAID, EGEN, EGY

SUBJECT: EMERGENCY ECONOMIC ASSISTANCE TO EGYPT

REFERENCE: (A) TEHRAN 5031; (B) SECTO 2049; (C) STATE
125243

USEC BRUSSELS: PASS TO UNDER SECRETARY ROBINSON

1. IN VIEW OF IRAN'S VERY RECENT 120 MILLION DOLLAR
EMERGENCY LOAN TO EGYPT, ADDITIONAL IRANIAN CONTRIBUTION
OF 150 MILLION DOLLARS COULD BE CHARACTERIZED AS EQUITABLE
PARTICIPATION IN CORE GROUP, BUT WE DEFER ON THIS TO ANY
COMMENT UNDER SECRETARY MAY MAKE.
2. EGYPTIAN OFFICIALS INDICATED IRANIAN BUS CREDITS DRAWN
THUS FAR AMOUNTED TO LESS THAN 45 MILLION DOLLARS STATED
BY ANSARY. IN ANY EVENT, SUCH CREDITS ARE COMPARABLE WITH
AID PROVIDED EARLIER THIS YEAR AND LAST YEAR BY US, SAUDI
ARABIA AND OTHERS AND ARE NOT COUNTABLE AGAINST 900 MILLION
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DOLLAR REQUIREMENT.

3. PLEASE ADVISE ANSARY THAT US AID LOANS WILL BE USABLE
FOR PROCUREMENT OF GOODS FROM THE UNITED STATES AND NON-

COMMUNIST DEVELOPING COUNTRIES, INCLUDING IRAN. PL-480

LOAN IS, OF COURSE, LIMITED TO PROCUREMENT OF US AGRICULTURAL COMMODITIES, PRINCIPALLY WHEAT AND FLOUR. AID LOAN FINANCES BROAD SPECTRUM OF GOODS INCLUDING INDUSTRIAL AND AGRICULTURAL MACHINERY AND PARTS, RAW MATERIALS (MUCH OF WHICH OBTAINED IN DEVELOPING COUNTRIES) AND BASIC CONSUMER GOODS. IN ORDER TO MEET EGYPT'S IMMEDIATE NEEDS, ASSISTING GOVERNMENTS MUST PROVIDE FINANCING WHICH IN TOTAL COVERS EGYPT'S REQUIREMENTS IN SECOND HALF OF 1975. THIS CANNOT BE ACHIEVED IF ASSISTING GOVERNMENTS RESTRICT PROCUREMENT TO NARROW RANGE OF GOODS AND/OR SUPPLY SOURCES. SOME OF AID TO EGYPT SHOULD BE IN FORM OF CASH WHICH CAN BE USED TO SETTLE ITS OVERDUE FOREIGN COMMERCIAL BANK CREDITS. USG PROGRAMS DO NOT PERMIT PROVISION OF SUCH UNRESTRICTED CASH AID, BUT WE HOPE SAUDI AND IRANIAN AID WILL INCLUDE SOME PORTION OF CASH. IN ANY EVENT, RESTRICTION OF IRANIAN AID TO PROCUREMENT OF IRANIAN GOODS WOULD CAUSE VERY SLOW UTILIZATION, RESULTING IN SHORTFALL IN TOTAL AMOUNT OF EFFECTIVE AID FOR DEALING WITH EGYPT'S BALANCE OF PAYMENTS PROBLEM IN SECOND HALF OF CY 1975. INGERSOLL

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